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C O N F I D E N T I A L YEREVAN 000080

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SUBJECT: AMBASSADOR'S COURTESY CALL ON MINISTER OF URBAN
DEVELOPMENT

Classified By: Ambassador Marie L. Yovanovitch. Reason 1.4 (b/d)

¶1. (SBU) Ambassador met February 6 with Minister of Urban Development Vardan Vardanian. The Ministry's mandate includes overseeing urban development throughout the country, setting construction standards, regulating development in sensitive areas (e.g. seismic zones, slopes), and acting as the contractor for public building projects. The Ministry last year also established the position of Chief Architect, who is responsible for setting design standards and overseeing development of master plans and zoning regulations. While much planning work is done at the local or regional level, it is ultimately controlled at the federal level by this ministry, which has approximately 250 employees throughout the country.

PRIORITY PROJECTS

¶2. (C) The Ministry's current priority projects include 1) Construction by 2013 of nearly 7,000 housing units for persons still displaced by the 1988 earthquake; 2) A housing certificate (voucher) program for displaced earthquake victims (modeled on a now-completed USD 35 million USAID program that housed 7,000 families); 3) Renovation of 190 schools, at a cost of AMD 17 billion (USD 58 million); 4) Renovation of cultural sites and 5) Development and revision of urban master plans, with an emphasis on maintaining the historic character of cities. Vardanian indicated that these projects would be funded in part through loans from the World Bank and Russia.

MASTER PLANNING

¶3. (C) Vardanian characterized development of master plans as a high priority, given that among Armenia's 49 largest cities, only 15 had such plans and most of those require updating. While communities will be working to develop these plans, the project will be supported by the federal budget, as well as through levies on property sales. He indicated that the GOAM hopes to encourage development of strong communities that could establish their own plans, but most are likely to require considerable central government support and oversight.

COOPERATION WITH EMBASSY

¶4. (SBU) The Embassy generally has little interaction with the Ministry of Urban Development, whose function might best be described as incorporating elements of both the U.S. Department of Housing and Urban Development (HUD) and of a city-level Design and Development department. Vardanian noted, however, that the Ministry had cooperated in the past on such projects as school renovations funded by the Lincy Foundation and on earthquake recovery efforts (including the Housing Certificate program mentioned above). He expressed interest in further cooperation, and in particular noted a need for the agency's specialists to receive opportunities to enhance their expertise.

COMMENT

15. (C) It is promising--and long overdue--for the Ministry to have as its top priority housing for displaced earthquake victims, given that thousands of persons remain displaced more than 20 years after the event. Preservation of the historic character of many cities is also a worthwhile endeavor, especially given the GOAM's oft-repeated goal of developing the tourism sector. Yerevan's historic core has already been substantially demolished to make way for modern high-rise development.

16. (C) Vardan Vardanian was Prosperous Armenia's campaign manager for the May 2008 parliamentary elections, and Prosperous Armenia then landed the Urban Development portfolio when the ruling coalition was formed. Vardanian was previously deputy minister of Transport and Communications. What the two ministries have traditionally had in common is a reputation for being among the most corrupt ministries in government. We have no specific information about Vardanian himself, aside from the transparent fact that the 2008 Prosperous Armenia election campaign was very obviously lavishly funded, yet the party's official financial reports acknowledged spending only a few thousand dollars. Vardanian looks and acts the part of a gray apparatchik, who discloses little real substance to his diplomatic interlocutors.

YOVANOVITCH